

AMENDED IN ASSEMBLY APRIL 9, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 314

Introduced by Assembly Member Pan

February 12, 2013

An act to ~~amend Section 1367.001 of~~ *add Section 1367.004 to the Health and Safety Code*, and to ~~amend Section 10112.1 of the Insurance Code~~, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 314, as amended, Pan. Health care coverage: ~~self-funded~~ student plans and policies.

Existing federal law, the federal Patient Protection and Affordable Care Act (PPACA), enacts various health care coverage market reforms that take effect January 1, 2014. Among other things, PPACA prohibits a health insurance issuer issuing health insurance coverage from establishing lifetime limits or unreasonable annual limits on the dollar value of benefits for any participant or beneficiary, as specified.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. That act does not apply to a plan directly operated by a bona fide public or private institution of higher learning that directly provides health care services only to its students, faculty, staff, administration, and their respective dependents. ~~Existing law also provides for the regulation of health insurers by the Department of Insurance.~~

Existing law requires every health care service plan ~~or health insurer~~ that issues, sells, renews, or offers contracts or policies for health care

coverage in this state to comply, to the extent required by federal law, with the requirements of the above-described provision of PPACA and any rules or regulations issued under that provision.

~~This bill would additionally impose those requirements, to the extent required by federal law, on~~ *prohibit* a plan directly operated by a bona fide public or private institution of higher learning *college or university* that directly provides health care services only to its students, faculty, staff, administration, and their respective dependents ~~or a health insurance policy directly offered by such an institution only to those persons from establishing an annual limit or a lifetime limit on the dollar value of benefits for any participant or beneficiary.~~ Because a willful violation of these requirements with respect to those plans would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 1367.004 is added to the Health and*
- 2 *Safety Code, to read:*
- 3 *1367.004. (a) Notwithstanding Section 1343, a plan directly*
- 4 *operated by a public or private college or university that directly*
- 5 *provides health care services only to its students, faculty, staff,*
- 6 *administration, and their respective dependents shall not establish*
- 7 *any of the following:*
- 8 *(1) A lifetime limit on the dollar value of benefits for any*
- 9 *participant or beneficiary.*
- 10 *(2) An annual limit on the dollar value of benefits for any*
- 11 *participant or beneficiary.*
- 12 *(b) This section does not establish any other requirements under*
- 13 *this chapter upon a plan described in subdivision (a).*
- 14 ~~SECTION 1. Section 1367.001 of the Health and Safety Code~~
- 15 ~~is amended to read:~~
- 16 ~~1367.001. (a) To the extent required by federal law, every~~
- 17 ~~health care service plan that issues, sells, renews, or offers contracts~~

1 ~~for health care coverage in this state shall comply with the~~
2 ~~requirements of Section 2711 of the federal Public Health Service~~
3 ~~Act (42 U.S.C. Sec. 300gg-11) and any rules or regulations issued~~
4 ~~under that section, in addition to any state laws or regulations that~~
5 ~~do not prevent the application of those requirements.~~

6 ~~(b) Notwithstanding Section 1343, this section shall apply to a~~
7 ~~plan directly operated by a bona fide public or private institution~~
8 ~~of higher learning that directly provides health care services only~~
9 ~~to its students, faculty, staff, administration, and their respective~~
10 ~~dependents.~~

11 ~~(c) Nothing in this section shall be construed to apply to a health~~
12 ~~care service plan contract or insurance policy issued, sold, renewed,~~
13 ~~or offered for health care services or coverage provided in the~~
14 ~~Medi-Cal program (Chapter 7 (commencing with Section 14000)~~
15 ~~of Part 3 of Division 9 of the Welfare and Institutions Code), the~~
16 ~~Healthy Families Program (Part 6.2 (commencing with Section~~
17 ~~12693) of Division 2 of the Insurance Code), the Access for Infants~~
18 ~~and Mothers Program (Part 6.3 (commencing with Section 12695)~~
19 ~~of Division 2 of the Insurance Code), the California Major Risk~~
20 ~~Medical Insurance Program (Part 6.5 (commencing with Section~~
21 ~~12700) of Division 2 of the Insurance Code), or the Federal~~
22 ~~Temporary High Risk Insurance Pool (Part 6.6 (commencing with~~
23 ~~Section 12739.5) of Division 2 of the Insurance Code), to the extent~~
24 ~~consistent with the federal Patient Protection and Affordable Care~~
25 ~~Act (Public Law 111-148).~~

26 ~~SEC. 2. Section 10112.1 of the Insurance Code is amended to~~
27 ~~read:~~

28 ~~10112.1. (a) To the extent required by federal law, every health~~
29 ~~insurer that issues, sells, renews, or offers policies for health care~~
30 ~~coverage in this state shall comply with the requirements of Section~~
31 ~~2711 of the federal Public Health Service Act (42 U.S.C. Sec.~~
32 ~~300gg-11) and any rules or regulations issued under that section;~~
33 ~~in addition to any state laws or regulations that do not prevent the~~
34 ~~application of those requirements.~~

35 ~~(b) Notwithstanding any other law, this section shall apply to a~~
36 ~~health insurance policy directly offered by a bona fide public or~~
37 ~~private institution of higher learning only to its students, faculty,~~
38 ~~staff, administration, and their respective dependents.~~

39 ~~(c) Nothing in this section shall be construed to apply to a health~~
40 ~~care service plan contract or insurance policy issued, sold, renewed,~~

1 or offered for health care services or coverage provided in the
2 Medi-Cal program (Chapter 7 (commencing with Section 14000)
3 of Part 3 of Division 9 of the Welfare and Institutions Code), the
4 Healthy Families Program (Part 6.2 (commencing with Section
5 12693)), the Access for Infants and Mothers Program (Part 6.3
6 (commencing with Section 12695)), the California Major Risk
7 Medical Insurance Program (Part 6.5 (commencing with Section
8 12700)), or the Federal Temporary High Risk Insurance Pool (Part
9 6.6 (commencing with Section 12739.5)), to the extent consistent
10 with the federal Patient Protection and Affordable Care Act (Public
11 Law 111-148).

12 ~~SEC. 3.~~

13 *SEC. 2.* No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.